

SOUTHERN FOREST HERITAGE MUSEUM

LONG LEAF, LOUISIANA

DECEMBER 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/9/06

Southern Forest Heritage Museum

December 31, 2005

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Independent Accountant's Report.....		1
Financial Statements		
Statement of Financial Position.....	A	2
Statement of Activities	B	3
Statement of Cash Flows	C	4
Notes to Financial Statements		5-7
Attestation Report and Questionnaire		
Independent Accountant's Report on Applying		
Agreed-Upon Procedures		8-11
Louisiana Attestation Questionnaire.....		12-13



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Accountant's Report

Board of Directors
Southern Forest Heritage Museum

We have reviewed the accompanying balance sheet of Southern Forest Heritage Museum (a non-profit corporation) as of December 31, 2005, and the related statements of activity and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Southern Forest Heritage Museum.

A review consists principally of inquiries of Museum personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Payne, Moore & Herrington, LLP

Certified Public Accountants

June 19, 2006

MARVIN A. JUREAD, C.P.A.	ROBERT L. LITTON, C.P.A.	MICHAEL A. JUREAD, C.P.A.
H. FRED RANDOW, C.P.A.	ROBERT W. DUVVARI, C.P.A.	JAMES H. BALLARD, C.P.A.
ERNEST F. SASSER, C.P.A.	RENECCA B. MORRIS, C.P.A.	KIMMY L. HAWTHORNES, C.P.A.
L. PAUL WOOD, C.P.A.		



1419 METRO DRIVE • P.O. Box 13200 • ALEXANDRIA, LA 71315-3200
PH: (318) 443-1893 • FAX: (318) 443-2515

**Southern Forest Heritage Museum
Statement of Financial Position
December 31, 2005**

Exhibit A

Assets

Cash and cash equivalents	\$ 97,430
Inventory	5,269
Property and equipment, net of accumulated depreciation	<u>1,218,769</u>

Total Assets

\$ 1,321,468

Liabilities and Net Assets

Liabilities

Accrued liabilities	\$ 2,148
---------------------	----------

Net Assets

Unrestricted	<u>1,319,320</u>
--------------	------------------

Total Liabilities and Net Assets

\$ 1,321,468

See accompanying notes and independent accountant's report.

**Southern Forest Heritage Museum
Statement of Activities
Year Ended December 31, 2005**

Exhibit B

Changes in Unrestricted Net Assets

Revenues, Gains, and Other Support

Contributions	\$ 153,947
Grants	197,449
Admissions	9,231
Memberships	10,938
Interest	1,473
Sales, net	5,448
Total Revenues, Gains, and Other Support	<u>378,486</u>

Expenses

Salaries and wages	77,900
Advertising and promotion	7,896
Legal and other professional	2,470
Repairs and maintenance	52,982
Office supplies and expenses	4,094
Depreciation	37,916
Insurance	10,152
Supplies	534
Taxes and licenses	6,938
Travel	1,173
Utilities	8,338
Other expenses	4,892
Total Expenses	<u>215,285</u>

Change in Unrestricted Net Assets 163,201

Net Assets, Beginning of Year 1,156,119

Net Assets, End of Year \$ 1,319,320

See accompanying notes and independent accountant's report.

**Southern Forest Heritage Museum
Statement of Cash Flows
Year Ended December 31, 2005**

Exhibit C

Cash Flows from Operating Activities

Change in unrestricted net assets	\$ 163,201
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	37,916
Changes in operating assets and liabilities	
Accounts receivable	1,500
Inventory	1,263
Accounts payable	(14,433)
Accrued liabilities	<u>339</u>
Net Cash Provided (Used) by Operating Activities	189,786

Cash Flows from Investing Activities

Purchase or renovation of property and equipment	<u>(157,699)</u>
Net Cash Provided (Used) by Investing Activities	(157,699)

Cash Flows from Financing Activities

Net Increase in Cash and Cash Equivalents	32,087
--	---------------

Cash and Cash Equivalents, Beginning of Year	<u>65,343</u>
---	----------------------

Cash and Cash Equivalents, End of Year	<u><u>\$ 97,430</u></u>
---	--------------------------------

Additional Required Disclosures:

1. The Museum considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. No interest was paid during the year ended December 31, 2005.
3. No income taxes were paid during the year ended December 31, 2005.
4. There were no material noncash investing or financing transactions during the year ended December 31, 2005 that affected recognized assets or liabilities.

See accompanying notes and independent accountant's report.

Southern Forest Heritage Museum

December 31, 2005

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The 57-acre Southern Forest Heritage Museum, (the Museum) is a non-profit corporation founded in 1996 to display rare equipment and buildings relative to the heyday of southern logging, railroading, and sawmilling dating back to the early 1900s. The Museum is located in Long Leaf, Louisiana.

Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The Museum utilizes the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Museum is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Museum is required to present a statement of cash flows. At year-end, the Museum did not have any temporarily or permanently restricted net assets.

Recognition of Donor Restricted Contributions and Grants

Support that is restricted by the donor or grantor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as highly liquid investments with maturity dates of three months or less when acquired.

Southern Forest Heritage Museum

December 31, 2005

Notes to Financial Statements

Accounts and Grants Receivable

Accounts and grants receivable are charged to expense when they become uncollectible. In the opinion of management, year-end accounts and grants receivable, if any, were collectible and an allowance for doubtful accounts was not considered necessary.

Inventory

Inventory consists of goods purchased for resale in the gift shop. It is reported at lower of cost or market, on a first-in, first-out basis.

Property and Equipment

Purchased property and equipment is recorded at acquisition cost; donated property and equipment is recorded at its fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Repairs, maintenance, and minor replacements are charged to operations as incurred. Major replacements and improvements are capitalized at cost.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Museum qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable Louisiana law. The Museum is not classified as a private foundation.

2. Cash and Cash Equivalents

Cash on hand	\$ 500
Checking accounts and money market funds	<u>96,930</u>
	\$ 97,430

Southern Forest Heritage Museum

December 31, 2005

Notes to Financial Statements

3. Property and Equipment

	<u>Estimated Life</u>	<u>Amount</u>
Land		\$ 60,000
Timber		9,757
Historic Buildings & Machinery	15 - 39 years	1,361,810
Furniture & Fixtures	7 years	6,384
Equipment	5 - 7 years	20,233
Museum Documentary Film	7 years	15,000
		<u>1,473,184</u>
Accumulated Depreciation		<u>(254,415)</u>
		\$ 1,218,769

Depreciation expense for the year ended December 31, 2005, was \$37,916.

4. Contingencies

The Museum receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the grant agreements. In the opinion of management, such disallowances, if any, would be insignificant.



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1946

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

Board of Directors
Southern Forest Heritage Museum

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Southern Forest Heritage Museum (the Museum), the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about the Museum's compliance with certain laws and regulations during the year ended December 31, 2005, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Federal award expenditures for the Museum for all Federal programs for the fiscal year follow:

Federal Grant Name	Grant Year	CFDA No.	Amount
Historic Preservation Fund Grants-In-Aid	2004	15.904	\$ 39,945
Total Expenditures			\$ 39,945

MARVIN A. JUREAN, C.P.A. ROBERT L. LITTON, C.P.A. MICHAEL A. JUREAN, C.P.A.
N. FRED RANDOW, C.P.A. ROBERT W. DYORAK, C.P.A. JAMES N. BALLARD, C.P.A.
ERNEST F. SASSER, C.P.A. REBECCA B. MORRIS, C.P.A. CINDY L. HUMPHRIES, C.P.A.
L. PAUL BOON, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

Board of Directors
Southern Forest Heritage Museum

2. For each federal, state, and local award, we randomly selected 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.

There were three active federal, state, and local awards during the year ended December 31, 2005. There were a total of ten disbursements relating to these three awards with fewer than six disbursements relating to any one award during the year ended December 31, 2005, therefore, all 10 disbursements were selected for application of the agreed-upon procedures listed below, as applicable.

3. For the items selected in Procedure 2, we traced the selected disbursements to supporting documentation as to proper amount and payee.

We inspected supporting documentation for the selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in Procedure 2, we determined that the selected disbursements were properly coded to the correct fund and general ledger account.

The selected disbursements were properly coded to the correct fund and general ledger account.

5. For the items selected in Procedure 2, we determined whether the selected disbursements received approval from proper authorities.

Inspection of supporting documentation of the selected disbursements indicated proper approvals by the executive director.

6. For the items selected in Procedure 2: For federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the *Compliance Supplement* (or contained in the grant agreement, if the program is not included in the *Compliance Supplement*) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:



PAYNE, MOORE & HERRINGTON, LLP

Board of Directors
Southern Forest Heritage Museum

Activities allowed or unallowed:

We inspected supporting documentation of the disbursements selected in Procedure 2 for types of services allowed or not allowed.

For disbursements under the federally funded program, we determined that the disbursements inspected were allowable activities in accordance with the requirements contained in the *Compliance Supplement* for that program.

For disbursements relating to state and local awards, we determined that the disbursements were for allowable activities in accordance with the grant agreements.

Eligibility

We inspected grant agreements and the requirements in the *Compliance Supplement* for eligibility requirements related to these grants. Our inspection of these documents indicated that there were no eligibility requirements; therefore, no tests of eligibility were required.

Reporting

We inspected the previously listed disbursements for reporting requirements with no exceptions noted.

7. For the programs selected for testing in Procedure 2 that had been closed out during the period under review, we compared the closeout report, when required, with the entity's financial records to determine whether the amounts agree.

Management informed us that none of the programs were closed out during the year ended December 31, 2005, therefore, this procedure was not applicable.

Meetings

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Southern Forest Heritage Museum is only required to post a notice of each meeting and the accompanying agenda on the door of the Museum's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than unmarked file copies of the notices and agendas.



PAYNE, MOORE & HERRINGTON, LLP

Board of Directors
Southern Forest Heritage Museum

Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

We determined that the Southern Forest Heritage Museum provided comprehensive budgets to the applicable grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Management informed us that there was no review and/or agreed-upon procedures required for the prior fiscal year, therefore, there were no prior-year suggestions recommendations, and/or comments.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of board of directors and management of the Southern Forest Heritage Museum, the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Payne, Moore & Herrington, LLP

Certified Public Accountants

June 19, 2006

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

6/19/06 (Date Transmitted)

Payne, Moore & Herrington, LLP
1419 Metro Acute
Alexandria, LA 71301

(Auditors)

In connection with your review of our financial statements as of December 31, 2005 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [☒] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

mf
Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Charles H. Carroll *Exec. Director*

Secretary 6-19-86 Date

Treasurer _____ Date

President _____ Date